

CHANGE – “THE ENGINE” OF EXISTENCE. CASE STUDY: ROMANIA AND ITS CONTINUOUS CHANGE PROCESS

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Abstract

Should there be no change, no technical and economic progress would exist, either, not to mention that humanity would not be able to evolve; that is to say: humanity would not exist, as a matter of fact. The XXI-th century has been confronted with a series of changes, be them of an economic, political, social, cultural, technological nature, or of any other nature, that “give birth” to diverse phenomena and processes that, along the run, shall trigger the modification of economy, society, organization, management and of the human resource – the new worldwide tendencies. It is only based on being aware of the theoretical notions that refer to the change process, and, also based on being accustomed to the concrete elements from the economic, political and social reality, that we shall be able to apply the management of change, and this would result in benefits and advantages both at the macro-economic level, and at the micro-economic one, as well. From this point of view, Romania that is currently crossing an economic crisis, crisis to be actually a worldwide phenomenon, comes as a very good example. Not too much talk shall be made either with reference to the causes that resulted in the appearance of this global economic crisis, or with reference to the consequences of this one on our country since the subject of the present paper focuses on the managerial change. In other words, our interest goes to the way in which this crisis affects the organizations (the trading companies) from Romania.

Keywords: change, change process, change management, economic crisis

JEL Classification: M10, M21, G01

Introduction

“Change is not something new; it has been, and it still is, a characteristic of existence itself and of the history of humanity, equally.”¹ Should there be no change, no technical and economic progress would exist, either, not to mention that humanity would not be able to evolve; that is to say: humanity would not exist, as a matter of fact.

Change occurs all over the universe, at the level of the entire planet, at the level of both the worldwide economy, and of the national one, as well, at the level of society as a whole, at the level of organizations, while including here not only the individual level, but the group level also.

Any kind of change shall trigger another change since “any individual person,

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¹ Ludmila Negruță, 2007.

any group, any society, or any organization wishes to evolve and develop, and this implies change.”¹

The XXI-th century has been confronted with a series of changes, be them of an economic, political, social, cultural, technological nature, or of any other nature, that “give birth” to diverse phenomena and processes that, along the run, shall trigger the modification of economy, society, organization, management and of the human resource – the new worldwide tendencies.

For the economy, society, organization, management and human resource to be able to survive, they must adapt to the changes that take place around each of the above, thus, setting the bases for an economy that is based on information, for a “civilization that is completely new and based on high technology, on information and on new methods to organize the economic activities”²- and we refer here to the “society of the third wave”, and to an “adaptable corporation”- the organization that is based on information, meaning that such an organization shall be open to learning and acquiring knowledge round the clock. The management itself of such organizations shall have to adapt to the changes that occur so that the new type of management – that is based on information – be considered as a performance management to be further on used within the information-based organizations. At the same time, the human resource shall acquire new competences, abilities, knowledge packages, etc., that would be of help in view of the evolution, and, implicitly, of the development of the respective organization inside which the human resource develops its activity, and of the respective society inside which it lives, and of the economy, as well.

This way, the XXI-th century organization shall develop its activities in a dynamic environment inside which change shall stand for a central element and shall have “information” as its basis.

Organizational change. Concept. Typology. Sources (forces) of the change

Due to the changes that happen at the level of the XXI-th century economy and society, the organizations shall also have to enforce the changes to almost all the activity domains, to their management, and, equally, to their human resource behaviour.

Further to analyzing the management specialists’ conceptions with reference to change, I consider that by change it is understood any change, be it of an economic, political, social, technological nature, or of any other nature, from which there results the transformation and / or replacement of some objects, phenomena, processes, activities and systems. At the same time, I consider the managerial change as an answer of the organization to the changes of an economic, political, technological,

¹ George Moldoveanu, 2005.

² Alvin Toffler, 1999.

managerial nature, or of any other nature (internal and external factors that influence the organization).

Generally speaking, the specialists define the concept of change, but, however, they shall subsequently analyze, in their specialty books, the term of organizational change since this is a term that they do not define very accurately, or, even worse, they fail to define at all. Further to studying such specialty books, it can be noticed that they approach and consider the organizational change as a reaction to the transformations that occur under the influence of certain factors, and that would, consequently, lead to the modification of the interior of the respective organization.

The organizational change can be noticed in:

- “changes inside the organization set-up basis itself;
- changes brought to the assignments and activities;
- changes brought to the technology that is made use of;
- changes brought to the management structures and processes;
- changes that occur to the organizational culture;
- changes that occur among people;
- changes brought to the organizational performance;
- changes brought to the image that the organization has created for itself in its relation with the business circles and with the society¹.

The specialists² classify the organizational changes depending on several criteria:

- in accordance with the possibility to estimate the changes from the external environment, and the organization influence on this one: anticipative organizational changes, and reactive organizational changes;
- in accordance with the volume (proportions) of the changes: incremental organizational changes (step by step), and strategic organizational changes (radical or transformational);
- further to the association of the previously stipulated criteria, there result the following types of organizational changes: adjustment changes; adapting changes; re-orientation changes; and re-conceiving changes;
- in accordance with the organizational level at which they occur: individual changes; changes at the level of the group, and changes at the level of the organization;
- in accordance with the change application method: imposed changes and participative changes;
- in accordance with the intention level: changes that have not been planned, and changes that have been planned.

¹ Ludmila Negruță, 2007.

² Tiberiu Zorlențan, Eugen Burduș, Gheorghița Căprărescu, 1998.

Elisabeta- Emilia Telespan Constantin Halmaghi, 2002.

Panaite Nica, 2006.

The changes that happen inside the environment act on the organization taking the form of opportunities or of menaces, thus forcing the organization management to answer back by means of certain measures so as to adapt to the new conditions (organizational changes). At the same time, the organization, by means of the adopted measures, shall influence the external environment. This is the reason for which, there exists an interdependence between the organization and the environment, interdependence that comes as necessary if the target is to help humanity develop.

The continuous changes (modifications) of the environment are determined by certain forces that put pressure to bring along change, hereinafter referred to as sources of the change. These sources of the change can be both internal, and external, as well.

Among the external sources of change, mention should be made of:

- changes brought to the nature of labour;
- evolution of the technological domain;
- information boom;
- fast degradation of products and services;
- necessity to improve work conditions;
- competition increase;
- economic shocks;
- social and political evolution;
- life complexity amplification;
- modifications brought to the consumers' exigencies;
- increase of the interest to health and environment protection, etc.

Among the internal sources of change, mention should be made of:

- “management conservatism;
- organizational structure design;
- organizational culture;
- promotion of adequate policies to motivate the staff;
- bureaucracy;
- communication and decision making processes;
- professional competence;
- need to increase the organizational performances, etc.”¹

These sources of the change apply a certain amount of pressure on the organizations with the purpose to bring change. Nevertheless, both the organizations and the individuals inside such organizations put up resistance to change, and this is an issue that must be dealt with and solved by the managers. By adapting to the new changes, the organization could build up a competitive advantage that is an element

¹ Janeta Sirbu, 2007.

that could become indispensable to those managers who intend to assure the organization development.

The resistance to change comes under two forms:

- explicit resistance (the open-type), that we can identify under the form of strikes, under the form of labour productivity movements, etc.; and
- implicit resistance (the concealed-type), that we can identify under the form of the amplification of absenteeism, resignations, decrease of work motivation, etc.

The forces (causes) that generate the individual's resistance to change are:

- selective perception of the information sets;
- customs and habits;
- level of dependency on other people;
- fear from the unknown;
- economic causes;
- norms and group unit, etc.

However, it is not only the individuals that put resistance against change; the organization is likely to adopt the same attitude and behaviour; the point is that this is due to other causes:

- fear that power and influence can change;
- organizational structure;
- the group's tendency to preserve the status-quo status;
- assignment of limited resources;
- inter-organizational conventions, etc.

This way, it can be added that “major changes come as a result of a complex process in which there is a confrontation between the forces that put pressure with a purpose to perform change and the forces that oppose change.”¹

Organizational change process

The organizational change process contains several premises:

- this process must be controlled, and, as such, a planning of this one must exist;
- this process should be approached systematically; otherwise, the risk is that the change consequences be contrary to the desired ones;
- within this process, it is important to acknowledge the part played by the change manager (change agent) since it is this one who minutely knows the motivations that could trigger the change inside the organization;
- starting from the organization's systematic approach, it is compulsory to understand the necessity of change and of the organizational culture, as they are also

¹ Tiberiu Zorlențan, Eugen Burduș, Gheorghița Căprărescu, 1998.

part of the organization.

From the point of view of the below listed specialists:

Mr. Eugen Burduș, Mr. Gheorghita Căprărescu, and Mrs. Armenia Androniceanu, the change process is made up of 7 (seven) phases:

1. “change initiation: to identify the problems; to identify the participating parties; to contract the change process;
2. process awareness: significant symptoms; strong points; weak points;
3. vision creation: presentation of the desired future; obligation is made more active;
4. designing and sustaining the measures that would result in the change: to value the power of the one who promotes the change; to identify the groups of interests; to influence the groups of interests;
5. change management: to plan the activities; to set the assignments; to create the structures;
6. change motivation: to prepare the change; to go beyond the resistance to change;
7. change consolidation: to provide the necessary resources; to make up a support for the change; to develop new component parts; to consolidate the new component parts”¹.

As in any other process, when it comes to this change process, and when the intention is oriented towards designing and implementing this change process within the organization, there exists the possibility that diverse problems might appear, problems whose occurrence must be prevented or solved; such problems are:

- erroneous perception on obtaining results;
- incorrect use of the data and information sets;
- the staff is compelled to accept change;
- discrepancy between values and purposes;
- choice of adequate techniques in view of the change process implementation.

Change and change management

The pages to follow contain the presentation of a concept that would contribute to setting the change directions inside an organization, namely, to be more precise, the change management.

The specialists² have defined the change management as follows:

- Androniceanu considers that the change management represents the total number of management processes and relationships that are directed towards the implementation of change and whose purpose is to “adjust” the organization to the

¹ Eugen Burduș, Gheorghita Căprărescu, Armenia Androniceanu, 2008.

² Ludmila Negruță, 2007.

Eugen Burduș, Gheorghita Căprărescu, Armenia Androniceanu, 2008.

development needs;

- J. Kotter and L. Schlesinger consider that the change management is oriented towards the acknowledgement of the sources that oppose the change, and towards submitting options to get ahead of them;

- E. Burduş considers that the change management stands for the total number of actions by means of which to plan, organize, coordinate, bring along and control certain measures to substitute and transform, both as form and as content, as well, the organization, in view of increasing the organization's efficiency and capacity to become competitive on the market, etc.

Personally, I support E. Burduş's theory, since he amply presents the change management concept, namely as a sum up of the actions by means of which there shall be planned, organized, coordinated, brought along and controlled certain measures based on which the organization shall change, both as form and as content, as well, in view of adapting the organization to the needs of the development process, namely by increasing the organization's efficiency and capability to turn competitive on the market.

The management of change shall be looked at as an assembly of successive elements that have been organized, to which a constant feed-back is associated.

At the same time, point should be taken of the fact that "a creative and innovative activity"¹ shall be placed at the basis of an efficient change management.

Inside an organization, we can meet not only a reactive change management (the management wishes to adapt to the changes that occur in the external environment), but a pro-active change management, as well (the management wishes to fulfill its targets, situation in which the management shall enforce the change at the level of the entire organization, or at the level of a department).

When analyzing change and its management, the below listed elements should be approached:

- the person that initiate the change;
- change agent;
- who is the change object;
- adopted solutions;
- change valuation.

In order to obtain favorable results based on a change, several phases should be observed: start, preparation, implementation and valuation of the change.

As concerns the management of change, there shall be used several methods and techniques to simulate the staff's creativity, and also methods and techniques such as: participative management; session method; active listening; re-designing the jobs, etc.

As in the case of any other management process, the change management itself implies the need for:

¹ Ludmila Negruță, 2007.

- communication and for an effective motivation that would persuade the personnel dedicate to the implementation of change inside the organization;
- prevention of conflicts that are likely to appear at the organization level, at the department level, or even at the level of the individual;
- negotiation of the change with a purpose to reach that situation that is agreed to by all the persons who are involved in it;
- minimization of the change implementation risk.

Summing up everything that has been previously approached, there can be asserted that change stands for the “motor” of the total number of material and spiritual means that are necessary for the man to exist and live.

Case study: Romania ... in a continuous change process

Change appears to be a natural thing that allows us to evolve from all the points of view: economically, socially, politically, etc. To be able to anticipate the appearance of any change, we should pay great attention to all the modifications that happen in the internal and external environment just to have the ability and capability to point to the best ways to adapt to such modifications. It is only based on being aware of the theoretical notions that refer to the change process, and, also based on being accustomed to the concrete elements from the economic, political and social reality, that we shall be able to apply the management of change, and this would result in benefits and advantages both at the macro-economic level, and at the micro-economic one, as well.

From this point of view, Romania that is currently crossing an economic crisis, crisis to be actually a worldwide phenomenon, comes as a very good example. The economic crisis has marked its presence in 2008; however, its serious consequences have been felt during the second quarter of 2009; the possible ending of this crisis has not been estimated for any earlier date than the end of 2010.

The specialists in finances have come up with the following chart that contains a presentation of the global economic crisis phases:

- January - February 2009: sudden increase of the product sale prices while thousands of employees are being fired;
- March - May 2009: energy price increase;
- June - December 2009: based on a very low request, tourism shall be affected by the crisis. Some ministries might even lose some of their funds;
- End of 2009: the USA starts getting out of the crisis;
- The first half of 2010: the European Union comes out of the crisis;
- End 2010: a possible coming out of the financial crisis is foreseen for Romania.

According to a Report that the World Bank has issued, Report whose title is “The Crisis Strikes House-holds – Testing the Resistance to Stress of House – Holds

from Europe and Central Asia”, the families are affected by the continuous increase of prices for goods and services, by the unemployment continuously increasing rate, as well as by those fluctuations that occur on the credit market.

First of all, Romania has been faced with serious problems especially at the level of the local vehicle industry, of the furniture industry, and of the electric device production. After that, beginning with 2009, the LEU has started depreciating (modifications of the currency rate); there has been registered an increase of the inflation, and of the taxes, as well; the prices for goods and services have increased; the cost of the electric energy has also increased; the unemployment rate has marked an increase, it too, that resulted in the decrease of the population’s income; a minimized productivity in all the activity domains has also been registered, and this includes constructions, services and the banking system; all the while, the number of trading companies that entered into bankruptcy has increase, etc.

The forecasting stipulates that the social environment shall suffer mutations that shall result in the maximization of illegal activities, and in the increase of criminality; as concerns the business world, the number of profitable investments shall considerably decrease, and it shall be the stable investments that shall prevail.

Other negative consequences of the crisis are: on the long term, the population shall reduce the education and health-related expenses; the search for a second job; the intensification of the underground economic activity; the degrading of moral and spiritual values; the population shall find it rather difficult, if not even impossible, to return credits; the degree of poverty shall be amplified, etc.

Mr. Luca Barbone, Manager for Reducing Poverty and of the Economic Management for Europe and Central Asia, within the World Bank, has asserted that in order to help the population, the governments should apply to “safety nets” – cash transfers, social pensions and anti-poverty programs that are well-oriented (“intelligent expenses”), that would help both those families who have been affected by the income decrease, and those house-holds that are outside the social protection system, as well.

Not too much talk shall be made either with reference to the causes that resulted in the appearance of this global economic crisis, or with reference to the consequences of this one on our country since the subject of the present paper focuses on the managerial change. In other words, our interest goes to the way in which this crisis affects the organizations (the trading companies) from Romania.

First of all, the Romanian companies have been forced to use “survival” strategies by means of which they have tried to maintain their position on the market. This way, the companies’ policies consisted in attempting to cut down expenses, which implied cutting of wages or even lay-offs. However, the employees’ dismissal has been an extreme measure that many companies have made use of in order to avoid bankruptcy.

At the same time, the trading companies have attempted to cut down production costs by applying to other suppliers, by modifying the product

presentation form, and in extreme cases, by minimizing the product quality.

The trading companies have also tried to cut down the expenses they had with consumptibles, with the employees' phone subscriptions; they have tried to impose a certain limit as concerns the company vehicle fuel; the cutting down of expenses has extended to stationery, too; the re-location of the office in order to save money with the rent has been another option; other methods have referred to no training sessions for the employees, no premiums; also, the quantum of the travel expenses has been reduced; the costs with advertisement have been limited; we should also include here that the organization of the company's usual events has been excluded, as well.

Many of the companies have withdrawn some of their products from the market, on a temporary basis – more specifically, those that did not sell too well; other companies have decided to apply to the special promotion or offer tactics. Companies have tried to cut down the prices of products/ services mainly with the purpose to be able to maintain the same quality, the end goal being to keep the clients.

Even in spite of such sacrifices, some companies have failed to pay back their debts, and, thus, they entered into the insolvency state.

To be able to adapt their companies to the change process, the managers have decided to review their strategies, or to reduce the number of projects, by keeping the ones they considered as profitable; they also tried to re-design the management system; another option was to attempt to change the activity domain or to enlarge the existing one.

At the same time, the companies' management has tried to keep the best employees, adopting the non modification policy of their wages; instead, they adopted the lay-off policy for the not valuable employees. Other companies have decided to keep all the employees, maintaining the level of the wages, or even trying to increase the wages.

Under such circumstances, competition has intensified, and the fight for survival has intensified, consequently. Many companies, and even small entrepreneurs shall benefit by this crisis to develop their business.

The companies shall succeed to overcome this crisis not only based on the resources they own, but also due on an efficient management. The size of the company, its domain of activity, its turn-over do not matter; the important issue relates to the way in which these companies manage to adapt to the change (adopted measures), it relates to the way in which these companies accept and learn “to live” with this change.

Conclusion

Romania and the companies that develop their activities inside Romania, have been, currently are, and shall be in a continuous change. Change is inherent; however, it is important that we should become aware of it, that we should understand it, and more than that, that we should attempt to include it in our day-to-day life.

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IMPLICATIONS OF RESOURCE PLANNING, INNOVATION AND LEARNING FOR WORK PROCESSES AND PERFORMANCE MANAGEMENT

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Abstract

This paper focuses on the implementation issues associated with the innovation of enterprise resource planning (ERP) to achieve innovative large-scale change in organisations. If innovation and learning become part of a firm's leading performance indicators, this is sure to have implications for performance management (PM).

Keywords: Innovation management, Change management, Resource planning, Performance management

JEL Classification: L20, M12, M50

1. Introduction

Innovation and change management play an increasingly important role in sustaining the leading competitiveness for organisations in times of rapid change and increased competition. A number of issues arise. There is a need to address how both local and global issues are influenced by the implementation of a common enterprise-wide information technology (IT) application. In relation to technology and processes many companies model the organisation and its processes, creating new process designs on an ongoing basis.

Enterprise resource planning (ERP) systems have been progressively developed over last years. The continual change in organisations and their environments has resulted in complex technical organisational, cultural and political issues that have made the integration process a very challenging task. The paper focuses on the role of technology as either a driver or enabler for ERP induced change.

The consequences of innovation for performance management (PM) will first consider the implications for work processes and the management of these processes in general. We will deduce the consequences will be for PM.

2. Organisational innovation and resource planning

Enterprise resource planning (ERP) is an IT solution to provide a centralised IT application for business processes and functions within a company or group of companies. ERP is a software solution that integrates information and business processes to enable information entered once into the system to be shared

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